

Technology Capital Markets Update



A Financial Advisory Firm

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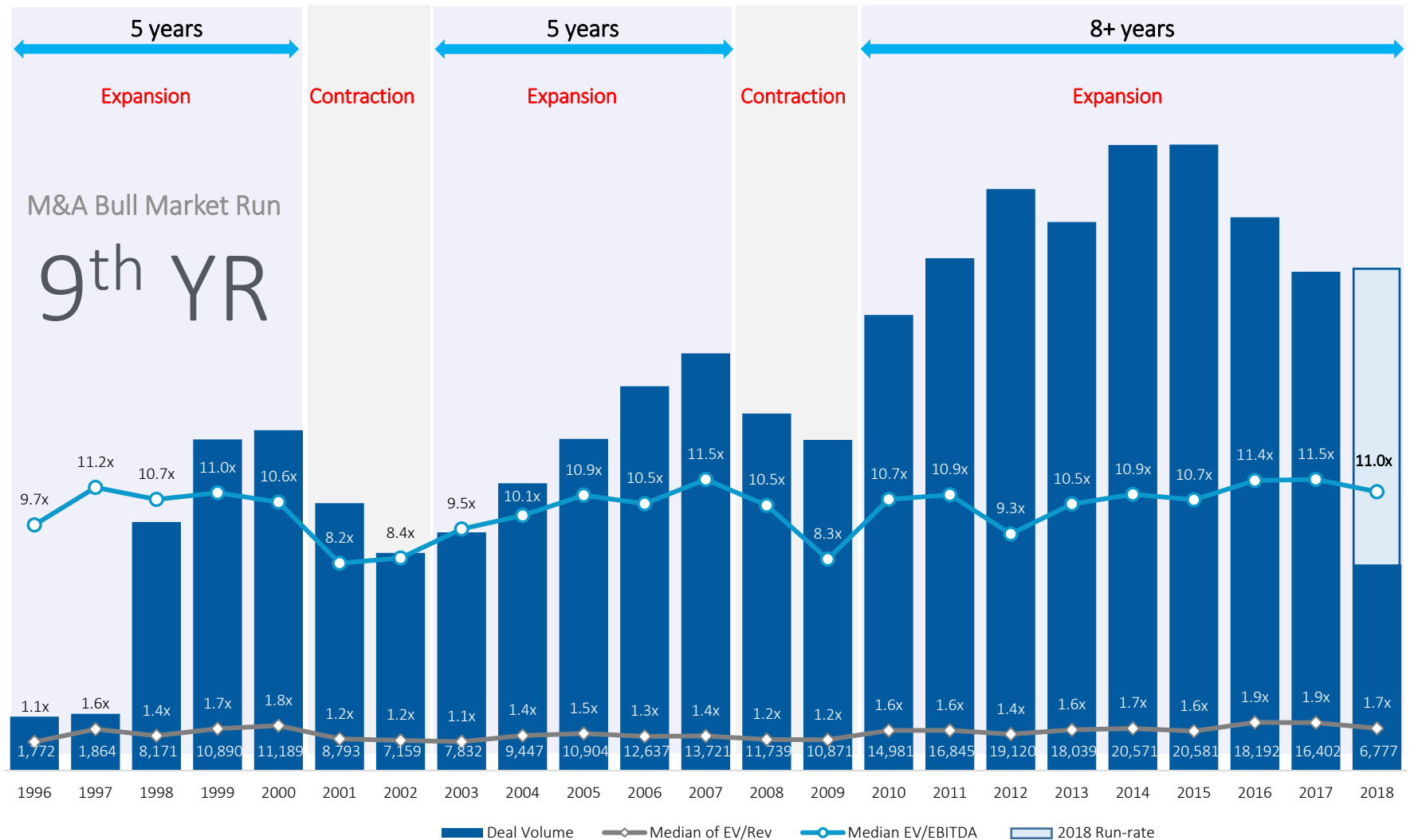
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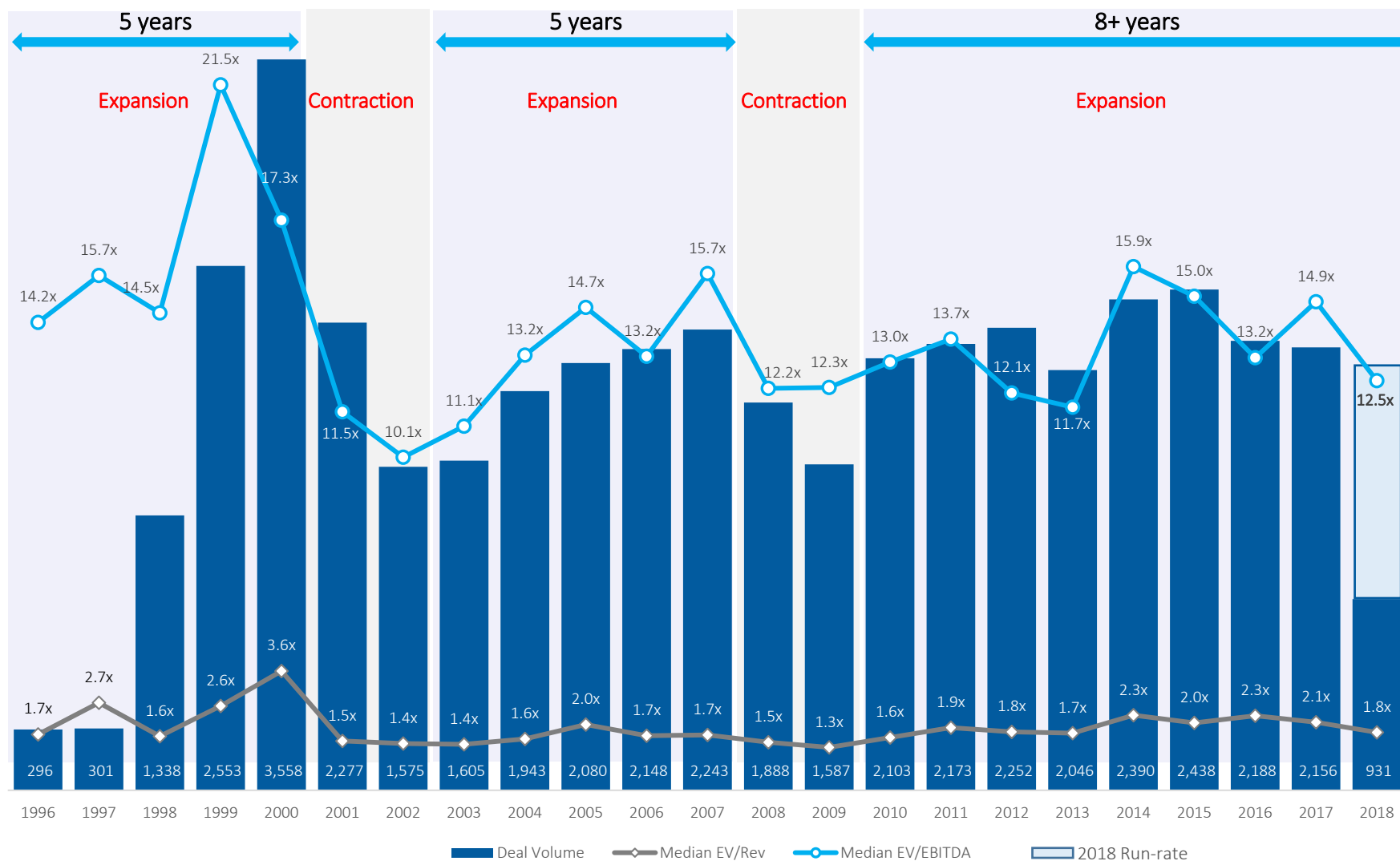
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Broad Market M&A Volume and Multiples: 1996 – YTD'2018



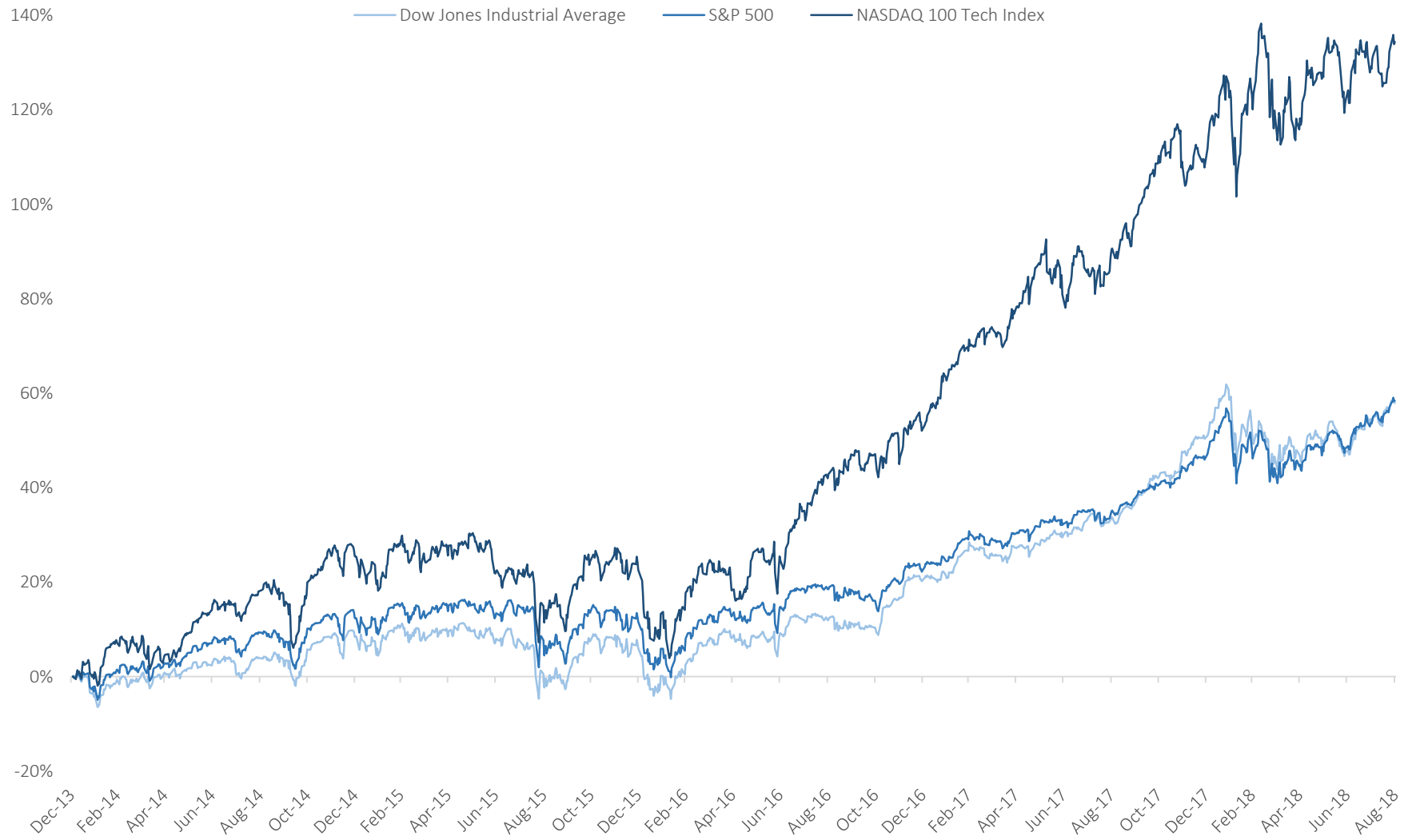
Source: S&P Capital IQ

Long-term Technology M&A Volume and Multiples



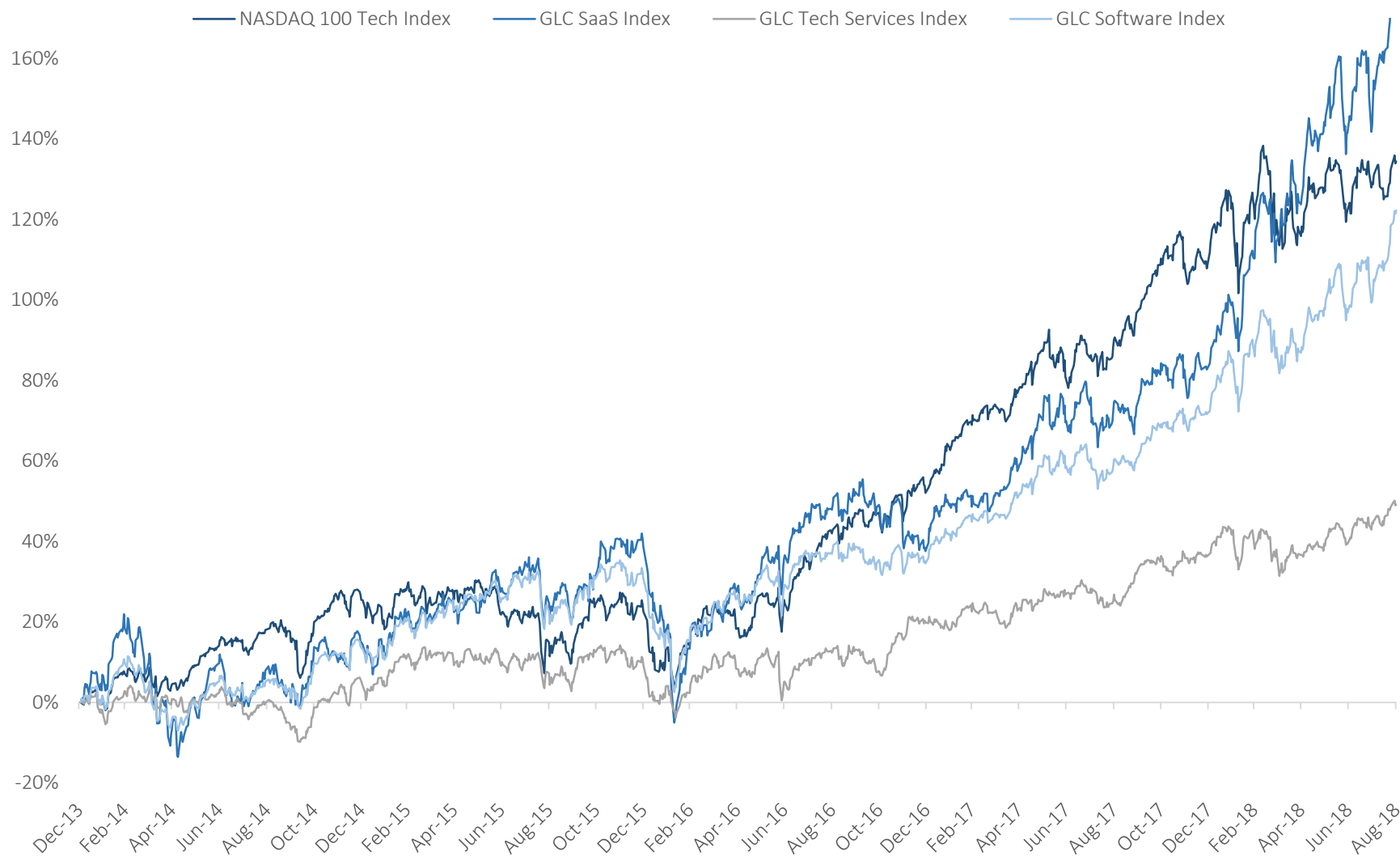
Source: S&P Capital IQ

Broad Market Indices



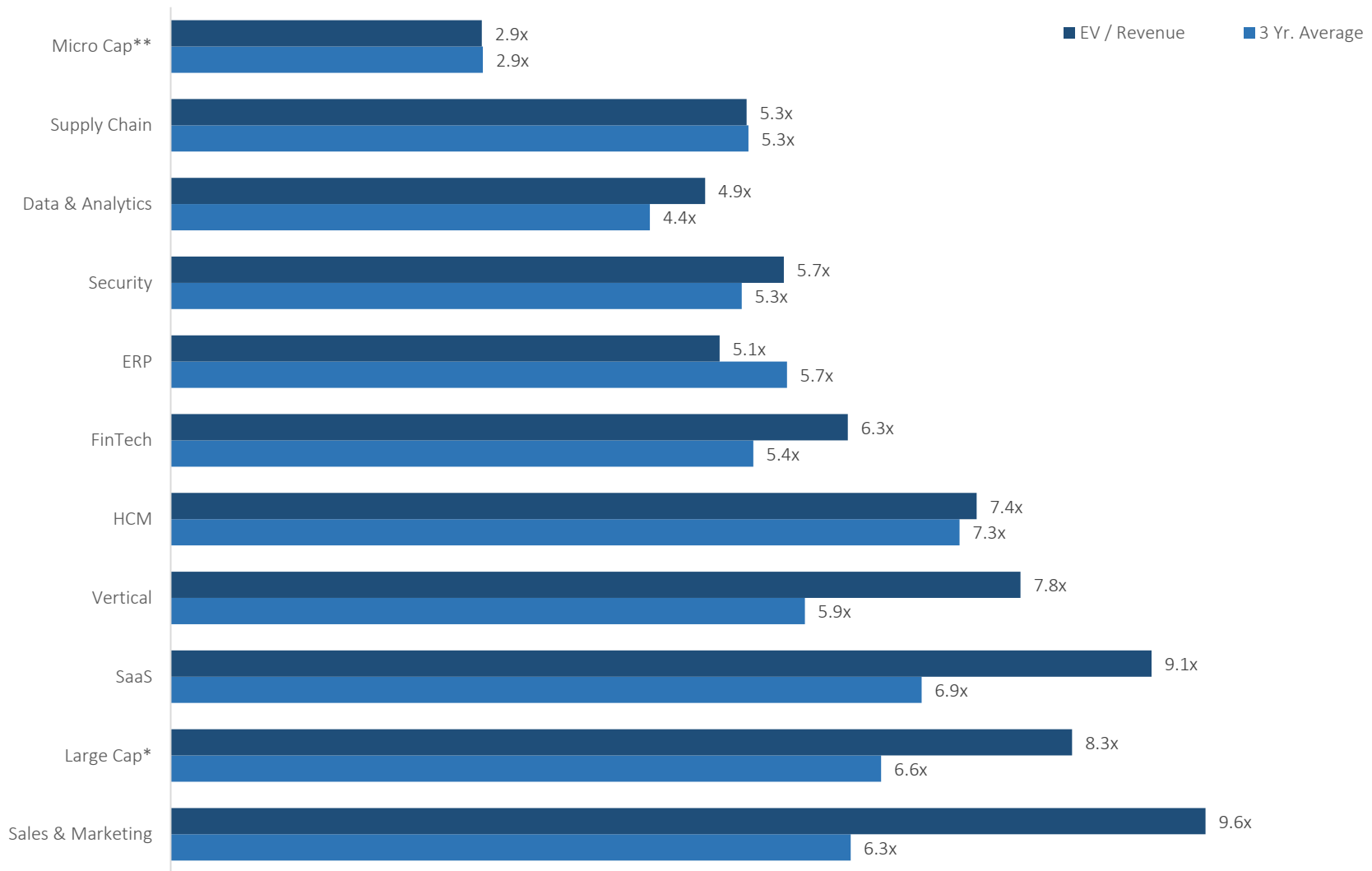
Source: S&P Capital IQ

Technology Indices



Source: S&P Capital IQ

Publicly Traded Software Median EV / LTM Revenue Multiples



Source: S&P Capital IQ, As of 8/31/2018; ** Less than \$1B market cap

Fast Facts: The Capital Equation

Private Equity Dry Powder

\$954B+

S&P 500 Balance Sheet Cash

\$2.1T

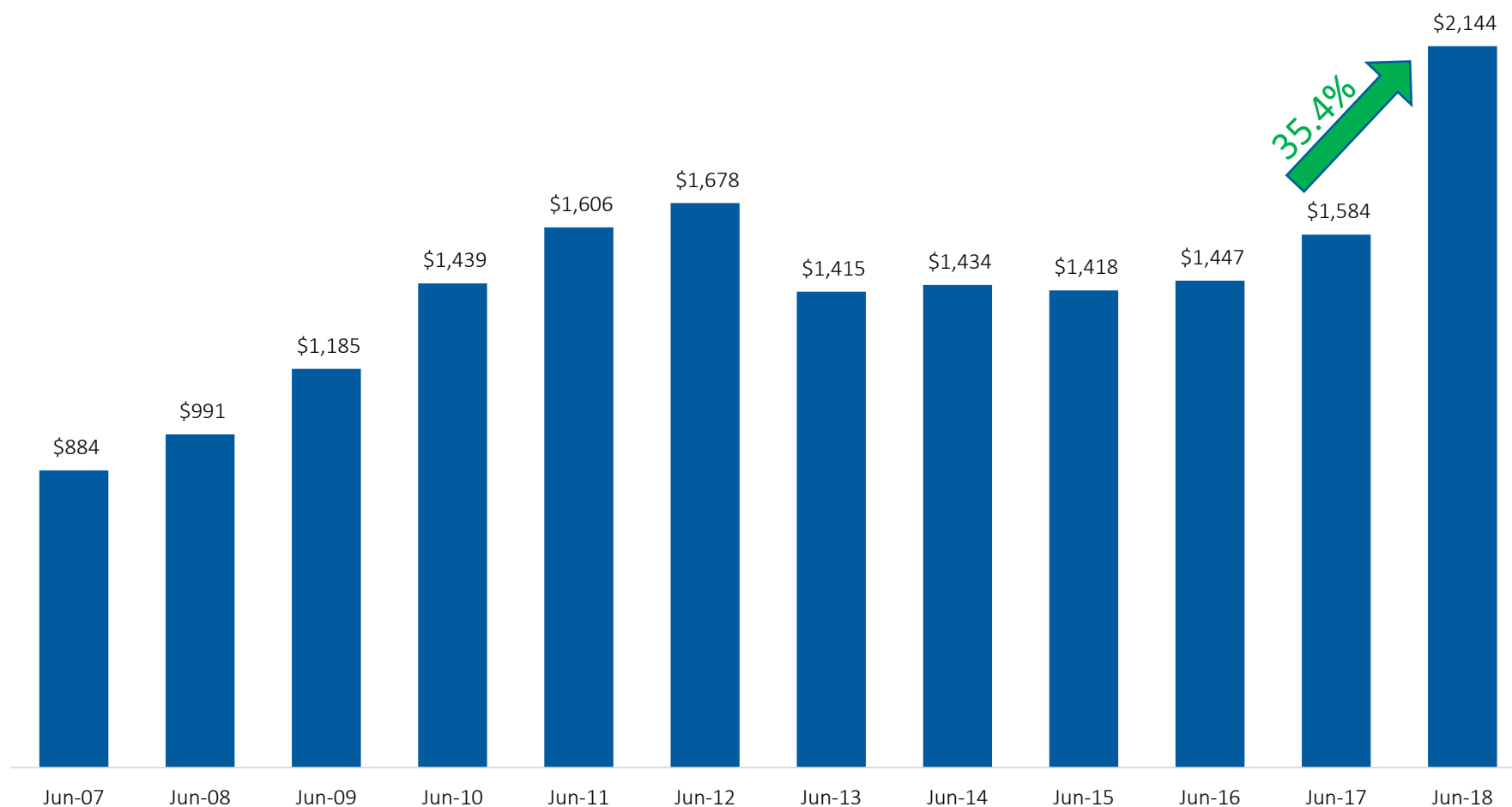
Middle Market Debt / EBITDA

5.9x

PE Tech M&A Deal Volume 2017

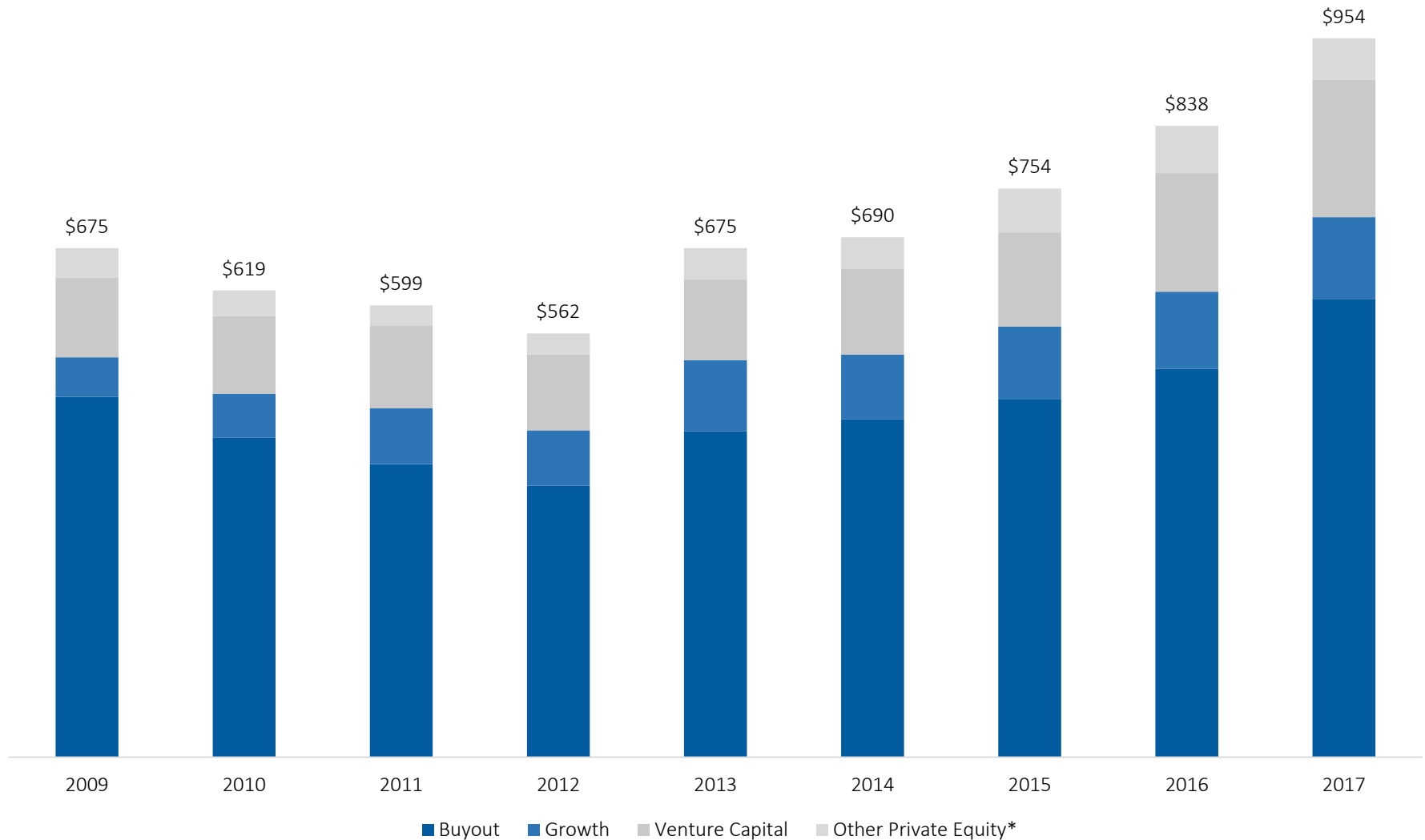
882

S&P 500 Cash Balance (\$ in Billions)



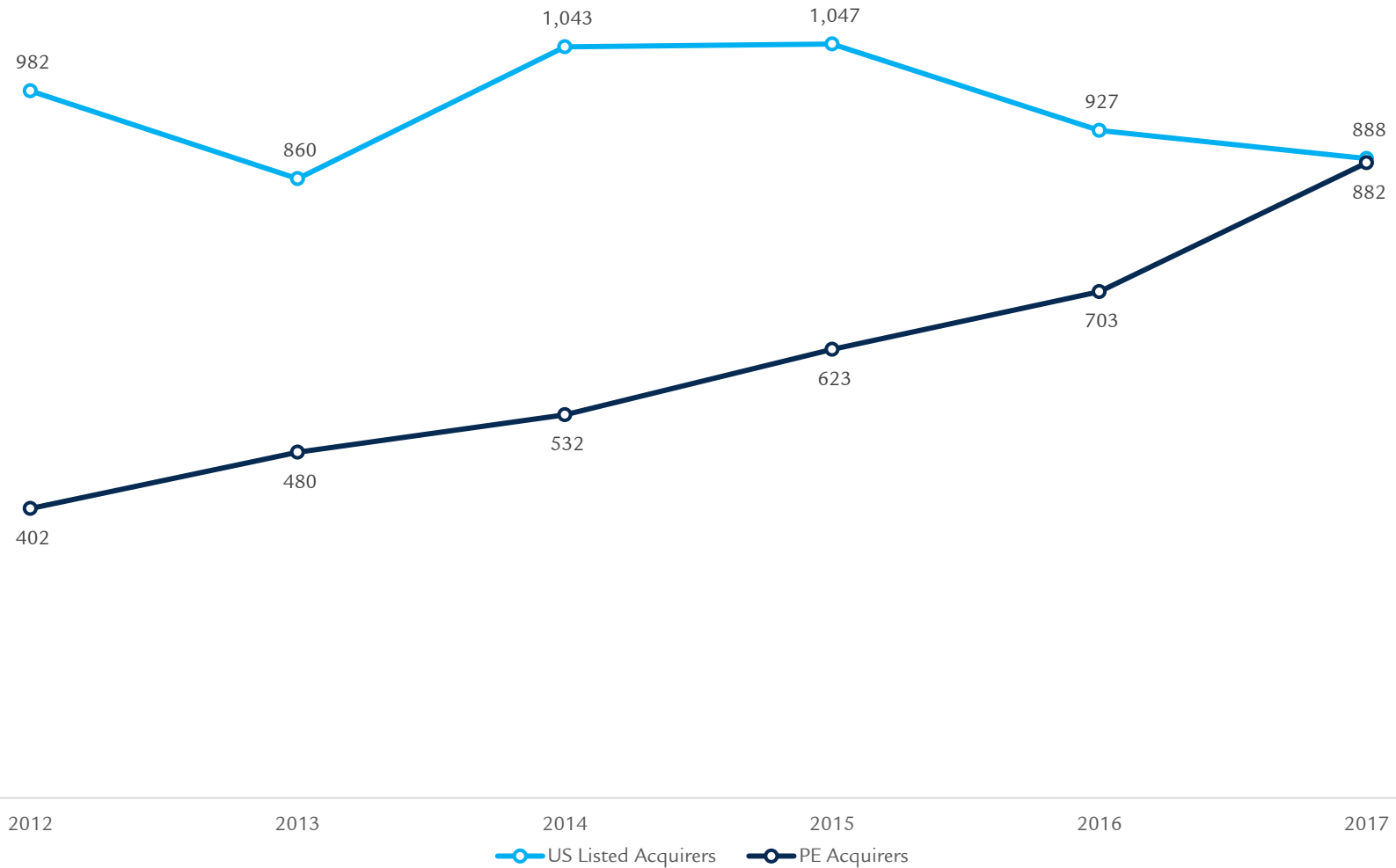
Source: S&P Capital IQ

Private Equity Overhang (\$ in Billions)



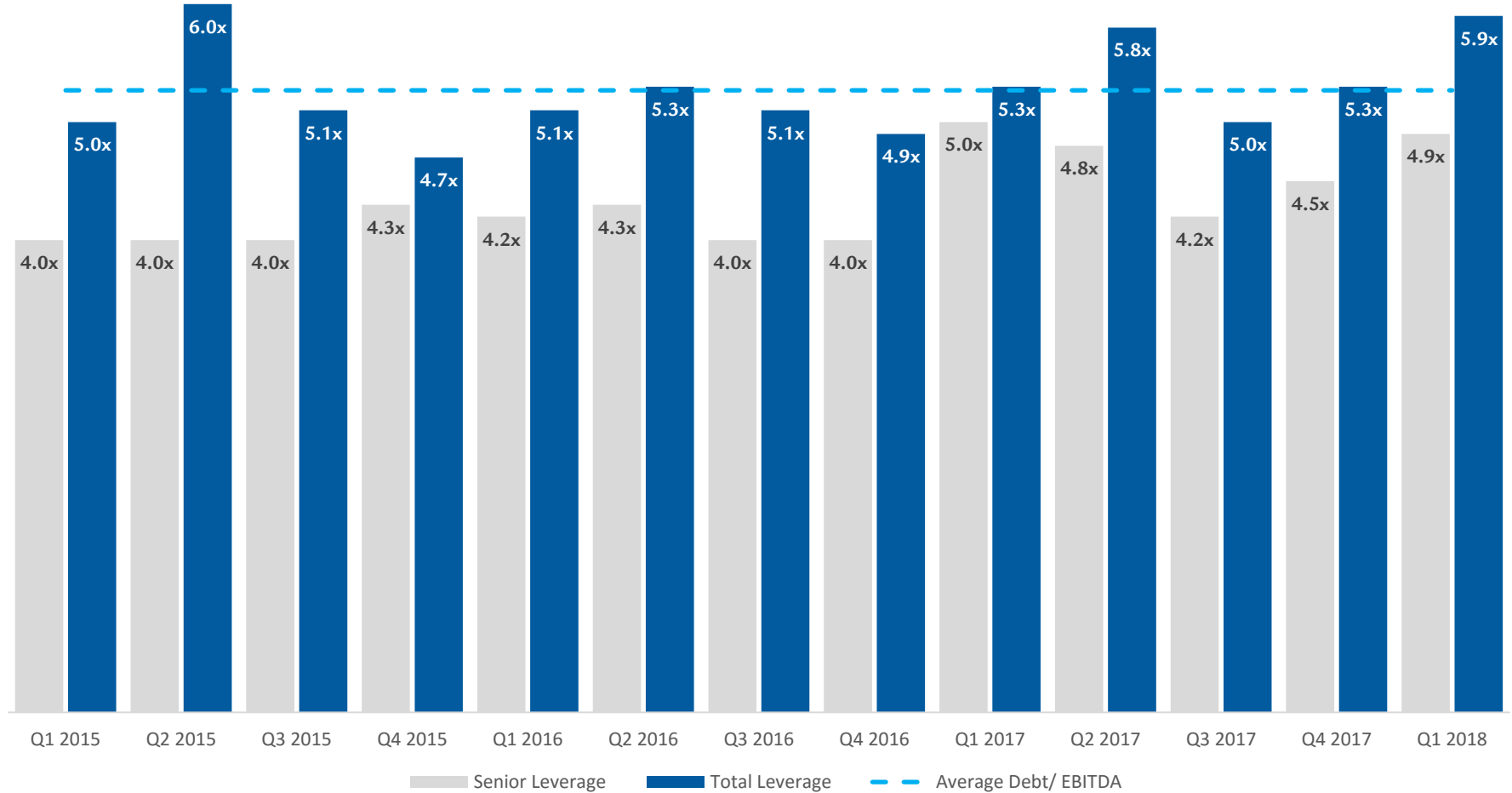
Source: 451 group, S&P Capital IQ, GLC Research, Pitchbook, Preqin

PE vs. US Listed Strategics, Deal Volume as % of Total Tech M&A



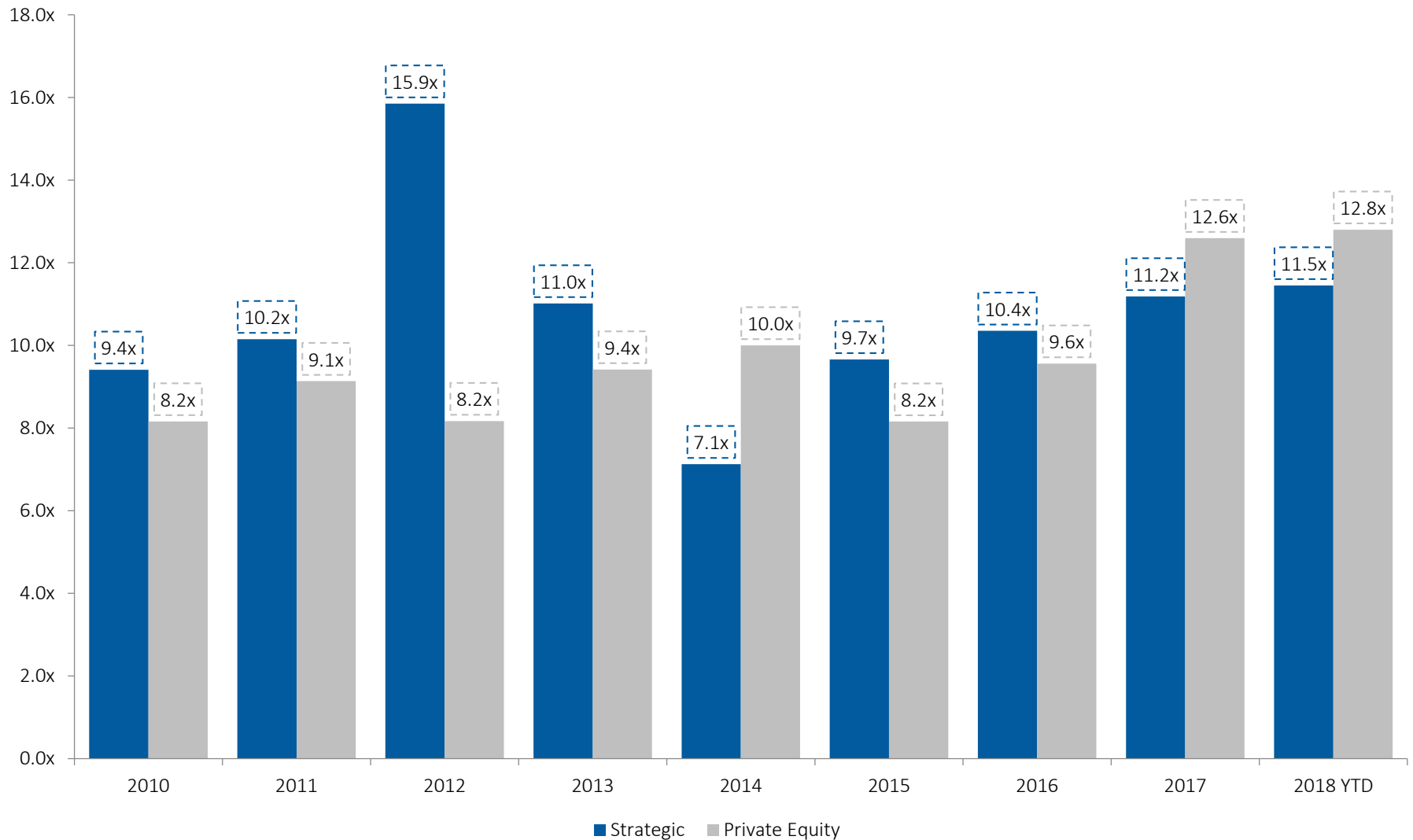
Source: 451 Research, GLC Research; Note: PE includes deals done by portfolio companies; corporate acquisitions by NYSE- and NASDAQ- traded companies

Middle Market Debt Multiples



Source: S&P Capital IQ, GLC Research

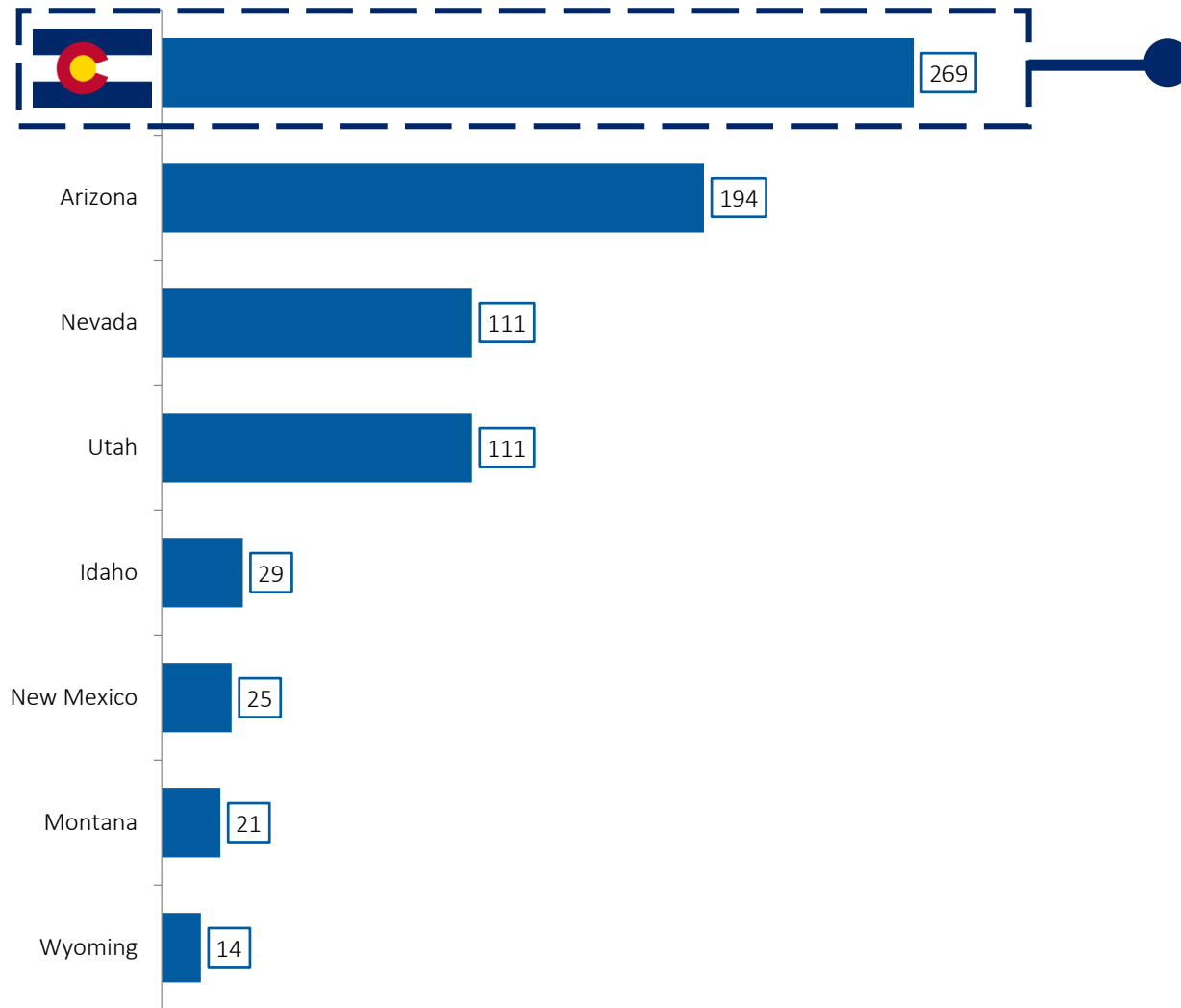
Multiples LBO vs. Strategic EV/ EBITDA



Source: S&P Capital IQ

Colorado Tech M&A

Mountain Region June 2018 TTM M&A



#1

M&A Activity Rank in the Mountain Region

\$36.2B

CO M&A Transaction Value



\$25.3M

Median CO M&A EV-\$



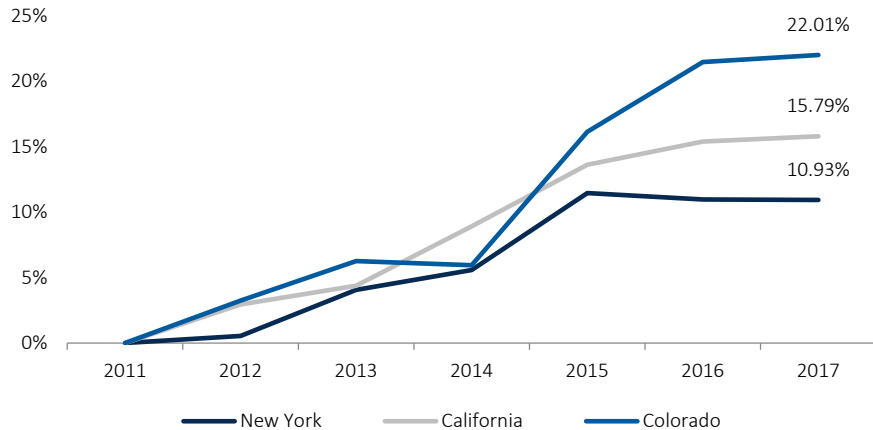
Technology is the 2nd Most Active M&A Sector

Notable 2017 & 2018 YTD Colorado Technology Transactions

Colorado Technology Community is Booming

Growth in Tech Establishments



Colorado Technology Metrics

9.3%

Labor Force are Tech Jobs vs 9.0% in CA

\$803M

Venture Financing in Q2 2018

\$43.4 B

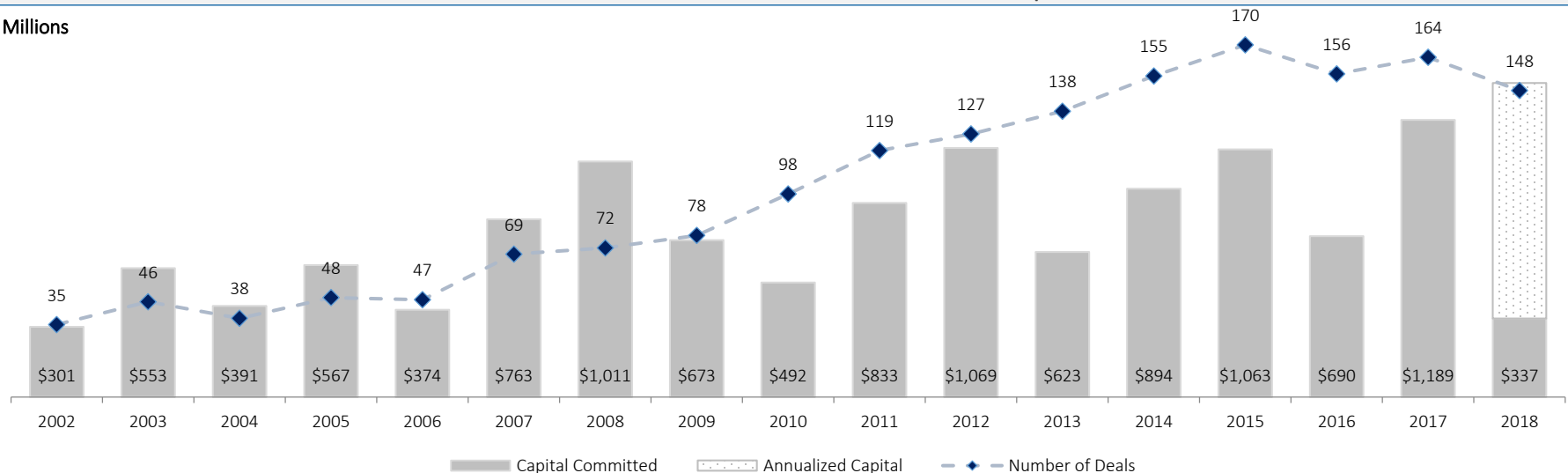
Direct Impact on Gross State Product

6,500+

Tech Jobs added last year

Venture Deals and Committed Capital

Millions



Source: S&P Capital IQ, CompTIA, GLC Research

Navigating Today's M&A Markets

Noteworthy Trends:

Preparedness

- Advisors and professional deal doers
- Prepare business to be viewed by others
- Pipeline introspection and management
- “House in order”
- Quality of Earnings (QoE)
- Electronic Data Room (EDR)
- Reps & Warranties Ins. (RWI)

Process

- Auction: rarely not the right path
- Competitive dynamics
- “Company will be sold”
- Better manage risk allocation

Market Dynamics

- Market pricing deals to perfection
- PE capital / putting capital to work
- Platforms: core around which to build
- Tuck ins: adding size and recurring; multiples arbitrage
- Technology and recurring revenue very attractive

Multiples

- Premium given to A+ companies
- Premium given to growth
- Leverage driven environment
- Metrics underwriting value

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